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Security Audit Report

L2E

Completed on

June 21, 2022

MADE IN USA 🇺🇸

OVERVIEW

This audit has been prepared for **Label2Earn** to review the main aspects of the project to help investors make make an informative decision during their research process.

You will find a a summarized review of the following key points:

- ✓ Contract's source code
- ✓ Owners' wallets
- ✓ Tokenomics
- ✓ Team transparency and goals
- ✓ Website's age, code, security and UX
- ✓ Whitepaper and roadmap
- ✓ Social media & online presence

> *The results of this audit are purely based on the team's evaluation and does not guarantee nor reflect the projects outcome and goal*
>
> \- SPYWOLF Team -

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Label2Earn

PROJECT DESCRIPTION

According to their whitepaper:
Label to earn (L2E) is project which will produce accurate and large datasets for artificial intelligence (AI) based systems.
L2E project will provide its users the opportunity to earn $L2E tokens while they draw lines on images.
That way the system will convert the drawed lines around images to labels. The aim of this task is to improve datasets accuracy.
Future development for the project - Creating API web services, Datasets marketplace.

Release Date: June, 2022

Category: Label to earn

01

CONTRACT INFO

Token Name
Label2Earn

Symbol
L2E

Contract Address
0x2f4D345E909bcADCe4101E184ee899B27c650b9e

Network
Binance Smart Chain

Language
Solidity

Deployment Date
June 20, 2022

Verified?
Yes

Total Supply
256,000,000

Status
Not launched

TAXES

Buy Tax
6%

Sell Tax
12%

*There is also 6% tax for transfers.
Taxes can be changed in future.

Our Contract Review Process

The contract review process pays special attention to the following:

- ✓ Testing the smart contracts against both common and uncommon vulnerabilities
- ✓ Assessing the codebase to ensure compliance with current best practices and industry standards.
- ✓ Ensuring contract logic meets the specifications and intentions of the client.
- ✓ Cross referencing contract structure and implementation against similar smart contracts produced by industry leaders.
- ✓ Thorough line-by-line manual review of the entire codebase by industry experts.

Blockchain security tools used:

- OpenZeppelin
- Mythril
- Solidity Compiler
- Hardhat

CURRENT STATS

(As of June 21, 2022)

Status:

Not Launched!

Liquidity

Not added yet

Burn

No burnt tokens

MaxTxAmount
No limit

DEX:
PancakeSwap

LP Address(es)

Liquidity not added yet

TOKEN TRANSFERS STATS

Transfer Count	1
Uniq Senders	1
Uniq Receivers	1
Total Amount	256000000 L2E
Median Transfer Amount	256000000 L2E
Average Transfer Amount	256000000 L2E
First transfer date	2022-06-20
Last transfer date	2022-06-20
Days token transferred	1

SMART CONTRACT STATS

Calls Count	1
External calls	1
Internal calls	0
Transactions count	1
Uniq Callers	1
Days contract called	1
Last transaction time	2022-06-20 14:45:44 UTC
Created	2022-06-20 14:45:44 UTC
Create TX	0x5a3fec330144886da8be0313380fc852916f2153a33eeff92948cd39939961fc
Creator	0xf4829c7b1e6074746b0334abf1ac5522b27afb9b

FEATURED WALLETS

Owner address	0xf4829c7b1e6074746b0334abf1ac5522b27afb9b
LP address	**Liquidity not added yet**

TOP 3 UNLOCKED WALLETS

1 100% Same as owner

VULNERABILITY CHECK

Design Logic	Passed
Compiler warnings.	Passed
Private user data leaks	Passed
Timestamp dependence	Passed
Integer overflow and underflow	Passed
Race conditions and reentrancy. Cross-function race conditions	Passed
Possible delays in data delivery	Passed
Oracle calls	Passed
Front running	Passed
DoS with Revert	Passed
DoS with block gas limit	Passed
Methods execution permissions	Passed
Economy model	Passed
Impact of the exchange rate on the logic	Passed
Malicious Event log	Passed
Scoping and declarations	Passed
Uninitialized storage pointers	Passed
Arithmetic accuracy	Passed
Cross-function race conditions	Passed
Safe Zeppelin module	Passed
Fallback function security	Passed

THREAT LEVELS

When performing smart contract audits, our specialists look for known vulnerabilities as well as logical and access control issues within the code. The exploitation of these issues by malicious actors may cause serious financial damage to projects that failed to get an audit in time. We categorize these vulnerabilities by the following levels:

High Risk

Issues on this level are critical to the smart contract's performance/functionality and should be fixed before moving to a live environment.

Medium Risk

Issues on this level are critical to the smart contract's performance/functionality and should be fixed before moving to a live environment.

Low Risk

Issues on this level are minor details and warning that can remain unfixed.

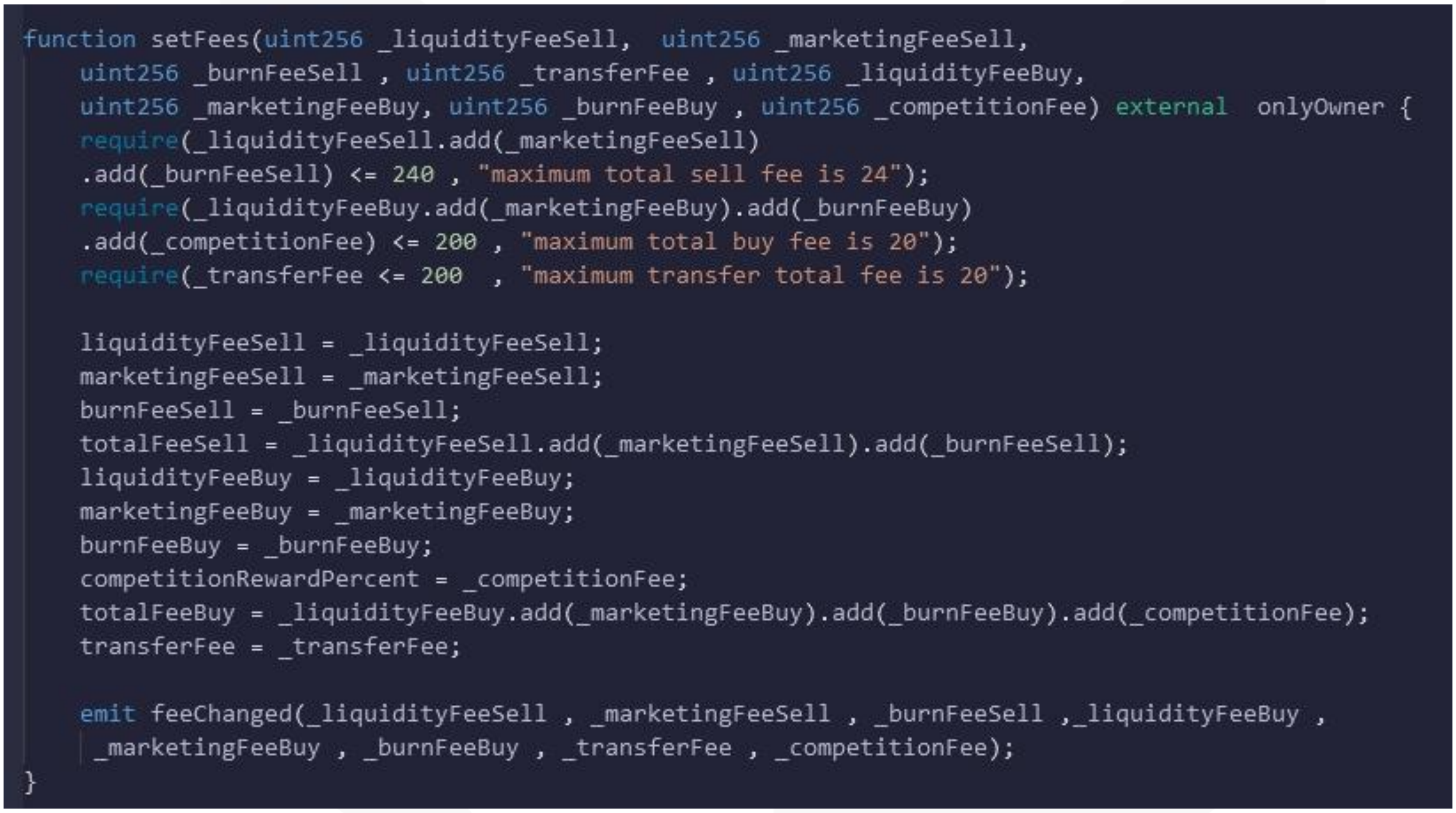
Informational

Information level is to offer suggestions for improvement of efficacy or security for features with a risk free factor.

FOUND THREATS

⚠ Medium Risk

Owner can set buy fees up to 20%, sell fees up to 24% and transfer fees up to 20%.

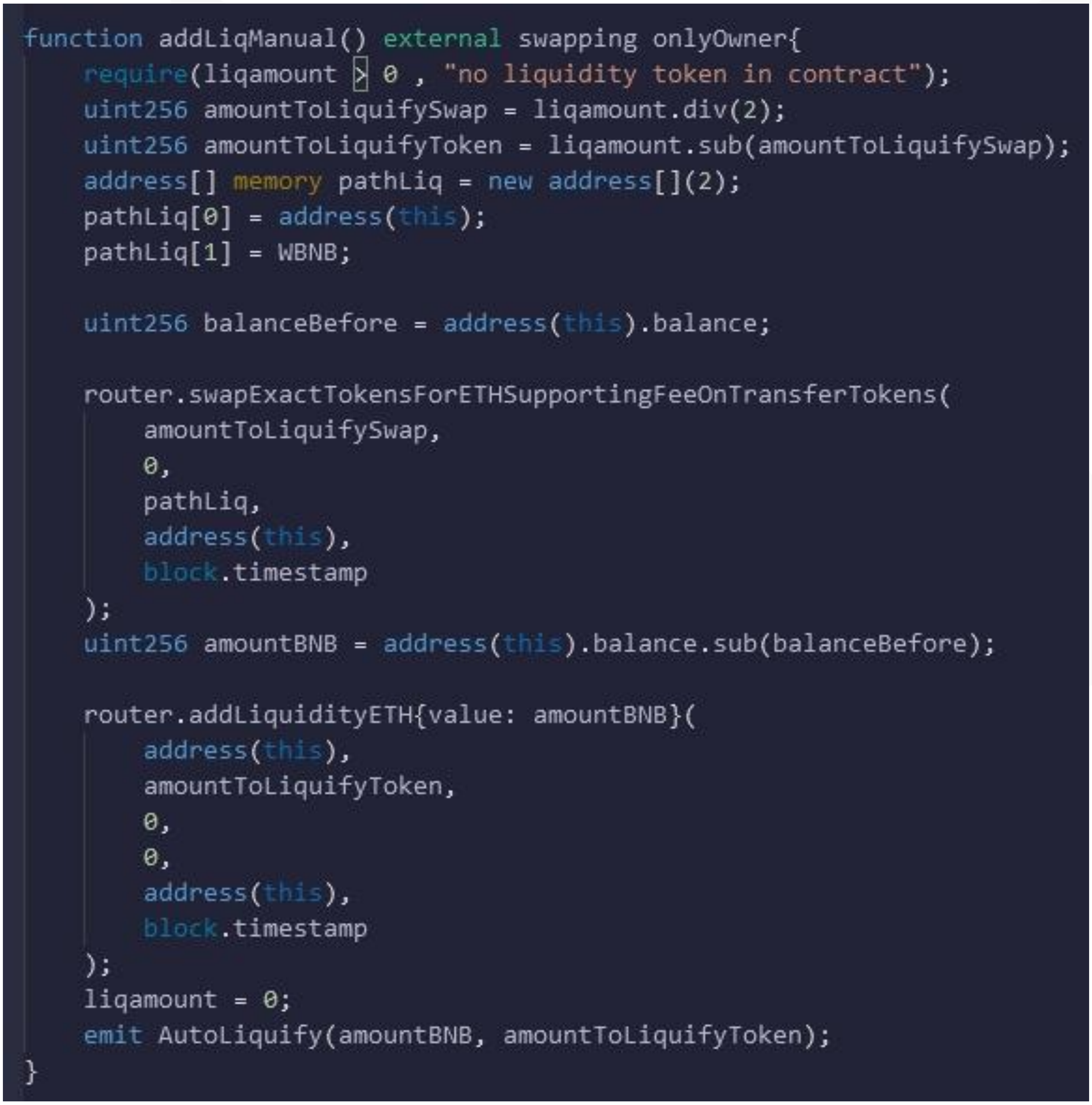


```
function setFees(uint256 _liquidityFeeSell,  uint256 _marketingFeeSell,
    uint256 _burnFeeSell , uint256 _transferFee , uint256 _liquidityFeeBuy,
    uint256 _marketingFeeBuy, uint256 _burnFeeBuy , uint256 _competitionFee) external  onlyOwner {
    require(_liquidityFeeSell.add(_marketingFeeSell)
    .add(_burnFeeSell) <= 240 , "maximum total sell fee is 24");
    require(_liquidityFeeBuy.add(_marketingFeeBuy).add(_burnFeeBuy)
    .add(_competitionFee) <= 200 , "maximum total buy fee is 20");
    require(_transferFee <= 200  , "maximum transfer total fee is 20");

    liquidityFeeSell = _liquidityFeeSell;
    marketingFeeSell = _marketingFeeSell;
    burnFeeSell = _burnFeeSell;
    totalFeeSell = _liquidityFeeSell.add(_marketingFeeSell).add(_burnFeeSell);
    liquidityFeeBuy = _liquidityFeeBuy;
    marketingFeeBuy = _marketingFeeBuy;
    burnFeeBuy = _burnFeeBuy;
    competitionRewardPercent = _competitionFee;
    totalFeeBuy = _liquidityFeeBuy.add(_marketingFeeBuy).add(_burnFeeBuy).add(_competitionFee);
    transferFee = _transferFee;

    emit feeChanged(_liquidityFeeSell , _marketingFeeSell , _burnFeeSell ,_liquidityFeeBuy ,
     _marketingFeeBuy , _burnFeeBuy , _transferFee , _competitionFee);
}
```

- Recommendation:
    - Considered as good tax deduction practice is buy and sell fees combined not to exceed 25%.

Low Risk

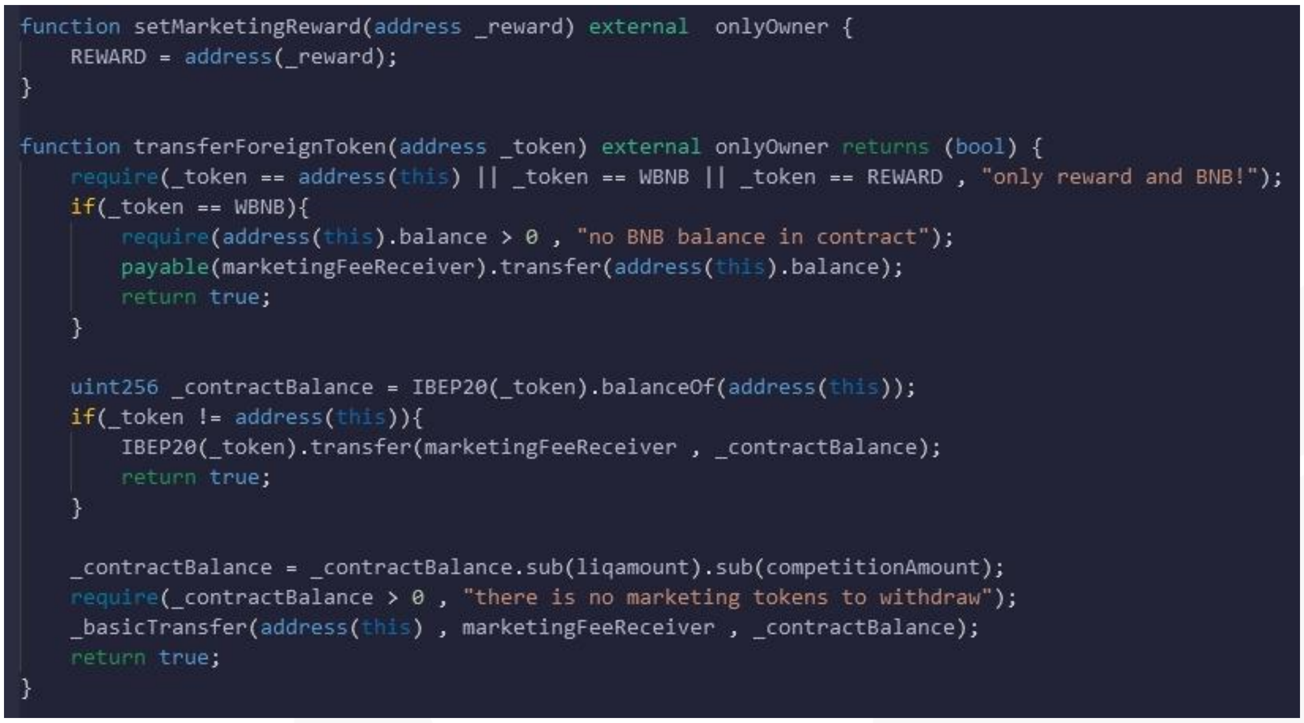
When addLiqManual() is triggered, the contract's accumulated tokens from fees are converted into LP tokens.
LP tokens accumulated in the contrat can be retrieved via transferForeignToken() when they are set as REWARD token.



```
function addLiqManual() external swapping onlyOwner{
    require(liqamount > 0 , "no liquidity token in contract");
    uint256 amountToLiquifySwap = liqamount.div(2);
    uint256 amountToLiquifyToken = liqamount.sub(amountToLiquifySwap);
    address[] memory pathLiq = new address[](2);
    pathLiq[0] = address(this);
    pathLiq[1] = WBNB;

    uint256 balanceBefore = address(this).balance;

    router.swapExactTokensForETHSupportingFeeOnTransferTokens(
        amountToLiquifySwap,
        0,
        pathLiq,
        address(this),
        block.timestamp
    );
    uint256 amountBNB = address(this).balance.sub(balanceBefore);

    router.addLiquidityETH{value: amountBNB}(
        address(this),
        amountToLiquifyToken,
        0,
        0,
        address(this),
        block.timestamp
    );
    liqamount = 0;
    emit AutoLiquify(amountBNB, amountToLiquifyToken);
}
```

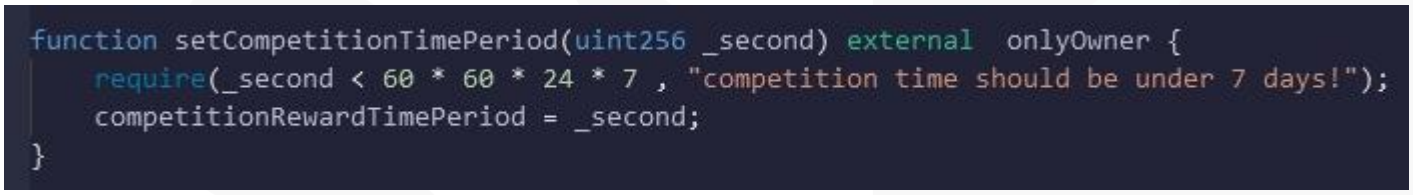
⚠ Low Risk

Owner can withdraw any tokens accumulated in the contract.



```
function setMarketingReward(address _reward) external  onlyOwner {
    REWARD = address(_reward);
}

function transferForeignToken(address _token) external onlyOwner returns (bool) {
    require(_token == address(this) || _token == WBNB || _token == REWARD , "only reward and BNB!");
    if(_token == WBNB){
        require(address(this).balance > 0 , "no BNB balance in contract");
        payable(marketingFeeReceiver).transfer(address(this).balance);
        return true;
    }

    uint256 _contractBalance = IBEP20(_token).balanceOf(address(this));
    if(_token != address(this)){
        IBEP20(_token).transfer(marketingFeeReceiver , _contractBalance);
        return true;
    }

    _contractBalance = _contractBalance.sub(liqamount).sub(competitionAmount);
    require(_contractBalance > 0 , "there is no marketing tokens to withdraw");
    _basicTransfer(address(this) , marketingFeeReceiver , _contractBalance);
    return true;
}
```

Owner can change the period between receiving each winner competition rewards distribution, but it can't be higher than 7 days.



```
function setCompetitionTimePeriod(uint256 _second) external  onlyOwner {
    require(_second < 60 * 60 * 24 * 7 , "competition time should be under 7 days!");
    competitionRewardTimePeriod = _second;
}
```

RECOMMENDATIONS FOR

GOOD PRACTICES

1 Consider fundamental tradeoffs

2 Be attentive to blockchain properties

3 Ensure careful rollouts

4 Keep contracts simple

5 Stay up to date and track development

Label2Earn

GOOD PRACTICES FOUND

- ✓ The owner cannot mint new tokens after deployment
- ✓ The owner cannot stop or pause the contract
- ✓ The owner cannot set a transaction limit.
- ✓ The smart contract utilizes "SafeMath" to prevent overflows

*The following tokenomics are based on the project's social channels:

The token is currently in migration process to new contract. The process will be held as follow:
Users are requested to either sell their tokens or send them to the developer wallet and when the new token is launched the ones that sent their tokens will receive 40% of their holdings in the new token airdrop. The other 60% of their allocation will be vested for 2 months with 25% releases each 2 weeks. The users that just hold the old tokens after the migration (did not sent to dev wallet or sold) will lose their positions and wont receive airdrop.

THE TEAM

The team at **Label2Earn** has privately doxxed to SPYWOLF by completing the following KYC requirements:

- ID Verification
- Video statement
- Video interview with devs
- Owner's wallet verification

KYC INFORMATION

Issuer

SPYWOLF

Members

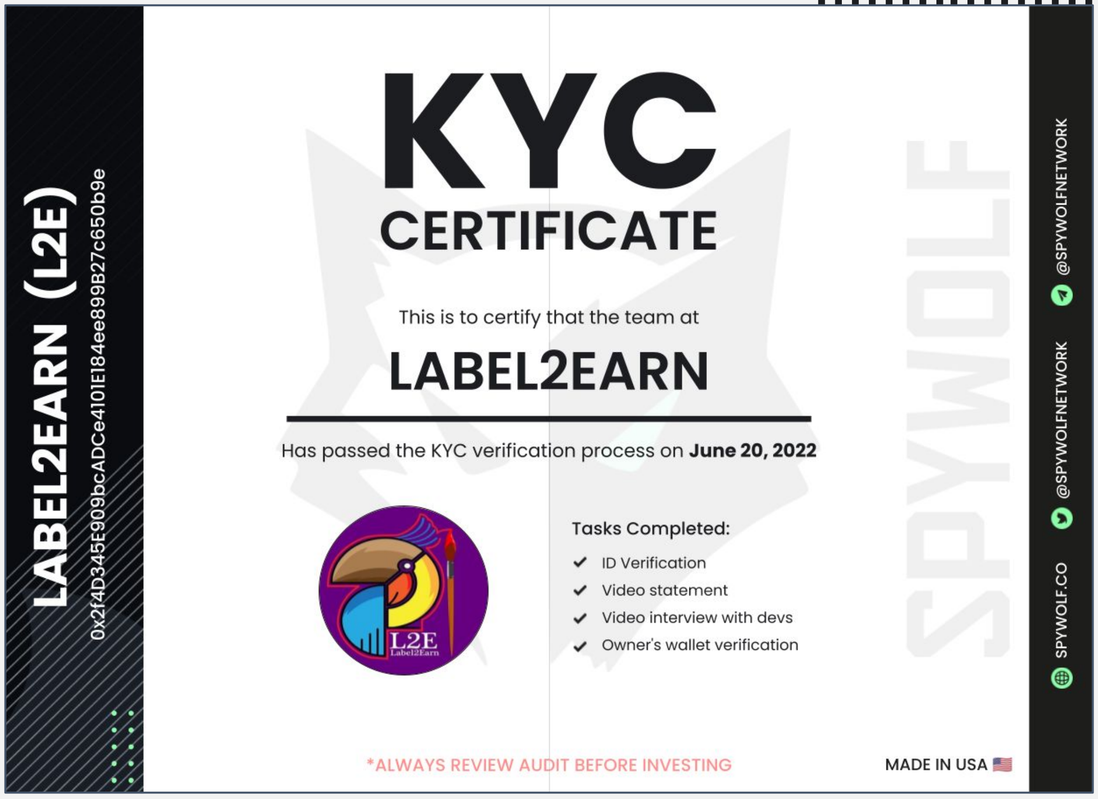
👤 👤

KYC Date

June 20, 2022

Format

Image



LABEL2EARN (L2E)

0x2f4D345E909bcADCe4101E184ee899B27c650b9e

KYC
CERTIFICATE

This is to certify that the team at

LABEL2EARN

Has passed the KYC verification process on **June 20, 2022**

Tasks Completed:

- ✓ ID Verification
- ✓ Video statement
- ✓ Video interview with devs
- ✓ Owner's wallet verification

*ALWAYS REVIEW AUDIT BEFORE INVESTING

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L2E
Label2Earn

Certificate Link

https://github.com/SpyWolfNetwork/KYCs/blob/main/june/KYC_LABEL2EARN_L2E_%200x2f4D345E909bcADCe4101E184ee899B27c650b9e.png

WEBSITE

Website URL
https://label2earn.com/

Domain Registry
http://www.key-systems.net

Domain Expiration
Expires on 2022-12-21

Technical SEO Test
Passed

Security Test
Passed. SSL certificate present

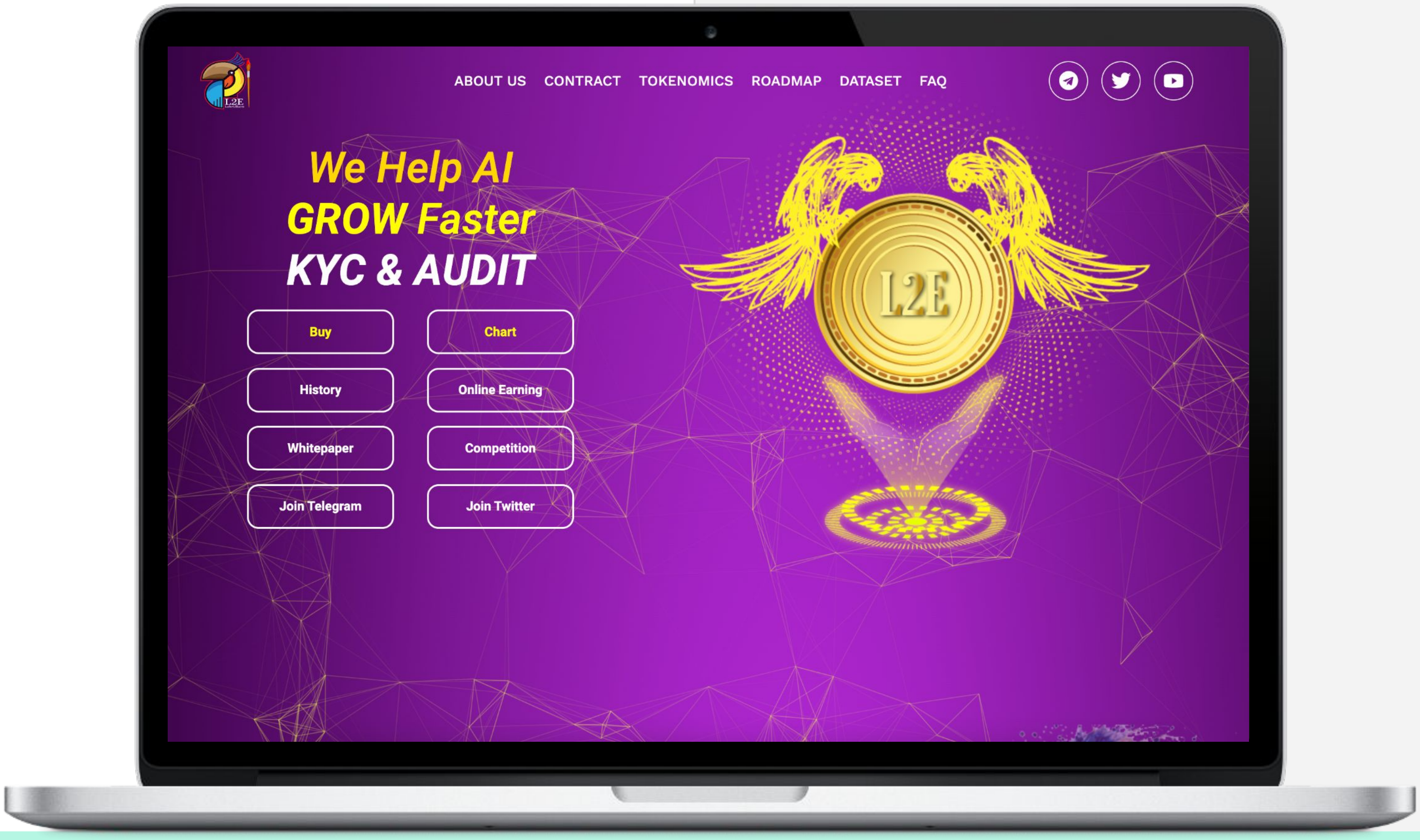
Design
Appropriate color scheme and overall layout.

Content
The information helps new investors understand what the product does right away. No grammar errors found.

Whitepaper
Well written, explanatory.

Roadmap
Yes, goals set at 4 phases with time frames.

Mobile-friendly?
Yes



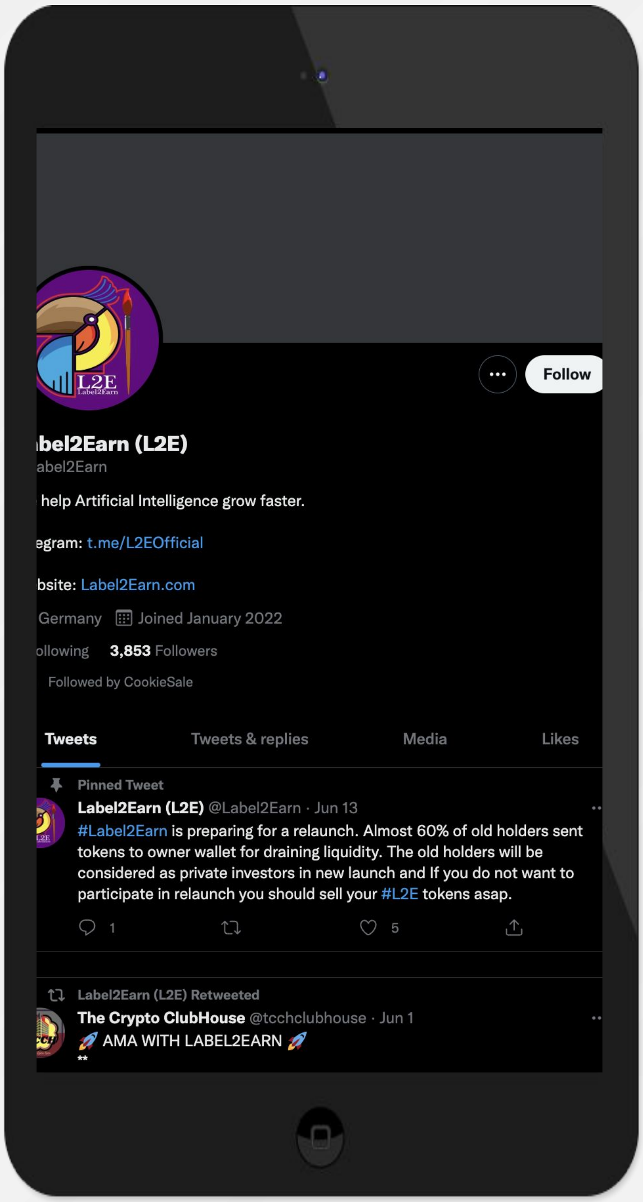
label2earn.com

SOCIAL MEDIA

& ONLINE PRESENCE

ANALYSIS

The team is active in their social media and inform the investors about news and project achievements.



bel2Earn (L2E)

abel2Earn

help Artificial Intelligence grow faster.

egram: t.me/L2EOfficial

bsite: Label2Earn.com

Germany Joined January 2022

ollowing 3,853 Followers

Followed by CookieSale

Pinned Tweet

Label2Earn (L2E) @Label2Earn · Jun 13

#Label2Earn is preparing for a relaunch. Almost 60% of old holders sent tokens to owner wallet for draining liquidity. The old holders will be considered as private investors in new launch and If you do not want to participate in relaunch you should sell your #L2E tokens asap.

Label2Earn (L2E) Retweeted

The Crypto ClubHouse @tcchclubhouse · Jun 1

🚀 AMA WITH LABEL2EARN 🚀

**

Twitter

https://twitter.com/Label2Earn

- 3 839 followers
- Active
- Posts once every few days

Discord

- Not available

Telegram

https://t.me/L2EOfficial

- 2 320 members
- Active users
- Active mods

Medium

- Not available

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CRYPTO SECURITY

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ABOUT US

We are a growing crypto security agency offering audits, KYCs and consulting services for some of the top names in the crypto industry.

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Disclaimer

This report shows findings based on our limited project analysis, following good industry practice from the date of this report, in relation to cybersecurity vulnerabilities and issues in the framework and algorithms based on smart contracts, overall social media and website presence and team transparency details of which are set out in this report. In order to get a full view of our analysis, it is crucial for you to read the full report.
While we have done our best in conducting our analysis and producing this report, it is important to note that you should not rely on this report and cannot claim against us on the basis of what it says or doesn't say, or how we produced it, and it is important for you to conduct your own independent investigations before making any decisions. We go into more detail on this in the disclaimer below – please make sure to read it in full.

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No applications were reviewed for security. No product code has been reviewed.